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NEWS CONFERENCE

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AT THE WHITE HOUSE

WITH JODY POWELL

AT 12:15 P.M. EDT

MAY 18, 1979

FRIDAY

MR. POWELL: I have no announcements to make this afternoon. I will be glad to take your questions.

Q Schlesinger indicated on the Today Show that California wasn't getting any more oil. What is going on there?

MR. POWELL: The reference was to, I believe, a concern expressed by at least one Governor and perhaps some others, a concern based on a rather profound misunderstanding of the facts of the situation; that in the particular statement of the Governor of Oregon, he expressed concern based on his mistaken belief that when we refer to a projection of 100 percent of 1978 supplies sometime this summer, that that projection applied only to California, and that California would be receiving 100 percent of its 1978 supplies, or allocation, while the rest of the country was receiving 80 or 90 percent, and that this would be accomplished, in fact, by taking gas away from other States and giving it to California.

As most of you know, that is not, in fact, what is happening. We have made our best effort to make sure anybody that has misunderstood that in the past, now is more knowledgeable about the facts.

Q What in fact will California receive?

MR. POWELL: It depends to a major extent upon what -- I will back off. It depends on a major extent upon the various factors which relate to our overall supplies. The 100 percent of 1978 projection related to the entire country, not just to California. We are all now and will be then, all treated according to the same equitable and fair basis. We are all at about 92, 93 percent. We hope that by June, July perhaps, that we can get up close to 100 percent.

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Q Are you robbing Peter to pay Paul?

MR. POWELL: No, exactly not. I think that is the misapprehension.

Q There is no State that is paying for the increased allocation?

MR. POWELL: No. Well, there is no increased allocation, as such. I think that is the basic reason for the misunderstanding. As I thought we explained over the past several days, really going back to several weeks, the allocation formula, the May 1 decision which was a nationwide decision -- it actually began in March and was culminated in May -- was simply a decision, almost a mandatory one, but an important and a helpful one, that allocations during 1979 would not be based on 1972 figures, but on 1978-79 figures.

Q What sort of figures? Population figures?

MR. POWELL: Population, consumption, whatever -- I think it is consumption.

Q There was no allocation before that?

MR. POWELL: There was no allocation before that.

Q You are just changing your statistical base, aren't you?

MR. POWELL: Yes.

Q If you are changing the statistical base, then some States are going to be getting less.

MR. POWELL: Less than what?

Q Than they would have gotten under the previous base.

MR. POWELL: If we had done it under the 1972 figures?

Q Yes.

MR. POWELL: I guess, in a sense you are correct. If you argue -- except there was no allocation on the 1972 basis.

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Q I understand.

Q Isn't it true in addition to changing the base year from 1972 to 1978, on May 1st the Administration also cranked into the allocation formula a current growth factor which will begin to have an impact in the next several months? And isn't it true under that factor, high growth areas like California can expect to get more gasoline and low growth areas perhaps in the northeast, perhaps in New England, can therefore expect to get less? Isn't it possible with that growth factor that California could get more than 100 percent of 1978 supplies while some States get less?

MR. POWELL: I can't answer that question precisely. In a general sense, that is what we did. We changed the basis for the allocation so that it would more accurately reflect current consumption demands, and, obviously, to have done otherwise would have been grossly unfair. But it is a decision that is designed as best human minds can do it, to spread the shortfall as equitably as possible, and to give the base the allocations on current consumption patterns rather than old ones.

Q Why consumption patterns? If you have a number of people, one person in one car driving 20,000 miles a year, and you have areas in the northeast relying on mass transit, not consuming as much gas, I don't see why that is equitable to penalize them because they don't consume as much as the rest of them?

MR. POWELL: There is absolutely no way to allocate in a shortage in which somebody, someplace, sometime can't make some sort of case that they should get more and somebody else should get less. That is the nature of the beast.

I don't know if you ought to give gasoline to someone who is riding the subway, which means you don't give gas to somebody that has got to drive 30 miles to work and doesn't have a subway or not.

Q What about poor folks?

Q Let them walk. (Laughter)

MR. POWELL: There is no way. But as I say, this whole process that began in March and ran through May, it was done precisely because we saw the need for allocations in 1979, which we have not had -- that sort of need -- since, I guess, 1973-1974, and that was a whole public rule-making process.

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There were some folks, I know, because some of you had that idea until I talked to you--some of you even filed stories on that basis--that got the impression one way or the other, that the other day we had, sort of about midday on Wednesday, whenever it was, changed the whole allocation plan to take gas away from one State for the rest of the country to give to California. That is not true. You all know it is not true. Some political folks didn't know it wasn't true.

Q Then, in reality, Brown achieved no change in his gas supply, when he was in here the other day, for California?

Q Isn't that true because it had already been achieved?

MR. POWELL: As you know, we had been working for a week or so on some steps that could be taken, recommendations and so forth, that would help the situation in California. None of those involved, however, taking gas away from one State, or from the rest of the country, and sending it to California, those steps included a recommendation or a suggestion to the State of California that if they wished to change their lead and vapor pressure standards, which were stricter than the national standards, to coincide with the national standards, that that would make more gas available in California, and that we had already, in advance, gotten from EPA assurances that they would approve that change, if they wished to do it.

They included the suggestion for more strict enforcement of the 55 mile an hour speed limit in that State which will conserve a substantial quantity of gas and which we indicated we would be willing to help through DOT in terms of enforcement support. You can sort of go down --

Q What about the set-aside?

MR. POWELL: The set-aside doesn't affect the amount of gasoline within the State at all. The set-aside program, which I remember well from Governor's Office days, is another program in which you can't make anybody happy.

But the set-aside program is nevertheless important and necessary. What that allows a Governor to do -- since the Governor, presumably, has a better understanding of relative needs within his or her State than do people sitting in Washington -- a certain quantity of the gas that is allocated to that State is placed, in effect, in a type of discretionary pool, which the Governor is free to allocate within certain bounds, to try to deal with spot shortages and -- I am searching for a word here -- but for anomalies in the distribution pattern within his State.

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Obviously, I think we went from, what, three to five percent there. The increased amount of gasoline in that set-aside pool gives a Governor more flexibility in terms of moving available supplies around within the State, so that one part of the State is relatively much worse off than another part, then he can move to equalize the benefit or the hardship, if you wish.

It is an important and helpful thing, but it is not a case in which you are adding gasoline through some special provision for that State. It is simply a device to provide the Governor with more flexibility to deal with the problem in the State. I think it is helpful but it is --

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Q What is the President going to do with these auto industry leaders today? Is he going to ask them to do something?

MR. POWELL: This is a meeting with leaders of the auto industry, and with members of the academic community. The purpose of the meeting is to discuss new initiatives in the area of basic research on automotive technology.

As you may remember, the President sent a science and technology message to the Congress in March of this year. He expressed in that message a very strong commitment to basic research in this country. Included in that meeting obviously will be the Secretary of Transportation, Brock Adams; the Secretary of Energy, Jim Schlesinger; Dr. Frank Press, who is the President's Science and Technology Adviser.

The purpose of this meeting and other meetings to follow will be to develop a program for submission to the President, a program jointly sponsored by government and industry that will address some of the key areas of basic research that relate to the automotive energy; the hope is that we can bring to bear previously untapped scientific and engineering talent on this area, and obviously, one of the goals in the basic research in the automotive area is to result in more energy-efficient vehicles as well as safer vehicles and so forth.

I just happened to see some of the demonstration vehicles which they have got which are right interesting.

Q Are they not also going to talk about the law which requires Detroit to produce cars to get 27-1/2 miles a gallon by 1985 and the implementation of that law -- doesn't Detroit want the implementation?

MR. POWELL: They will have to speak for themselves on that. I discussed with you the basic purpose of the meeting. I guess you can bring up anything that relates to that sort of thing.

Q You are going to bring them in here after the meeting?

MR. POWELL: Yes. We will have some folks, probably Press and Schlesinger and Adams and someone representing the auto industry down to talk to you after this is over.

Q Will gasohol and all these other additives to gasoline be discussed?

MR. POWELL: I tell you the truth. I am going to have to beg off on the details of the matter. Since you will be hearing from these people, why don't you deal with them at the time.

Q How much money are you talking about?

MR. POWELL: I don't know. Why don't you deal with that when they come down.

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Q What time will that be?

MR. POWELL: I am not sure. The meeting is at 2:00. I don't know how long that is going to run. I will try to get you a better guesstimate.

Q Has the President expressed an opinion on this driveless day conservation plan that is kicking around Congress?

MR. POWELL: I understand that is not a rationing plan in the sense of a substitute for a stand-by rationing plan, but has to do with conservation.

Q It might accomplish something like the same end, though.

MR. POWELL: Maybe so. My understanding was it was a different kettle of fish. I have not heard the President express any view on it, in any case.

Q Does Admiral Turner disagree with the President that SALT can be verified? The Soviets' activities are --

MR. POWELL: You know Admiral Turner's position on that. That is not a judgment which he feels he ought to make. I have never heard directly or indirectly any statement from him or attributed to him that would even indicate that he disagrees with that conclusion.

But he has taken the position --

Q With which conclusion?

MR. POWELL: That the treaty is verifiable. But his view, as I understand it, is that he is competent to discuss one aspect of the several that go into the question of verification; you know, that one aspect being the actual physical monitoring function that is one of -- depending on how you cut the cake -- several factors that you consider in determining whether a treaty is, indeed, verifiable.

Other aspects would include, for example, when you get the specific aspects of the treaty, our capability to respond effectively and in a timely fashion, if some cheating took place. Another aspect would be to what extent that particular aspect of the treaty, its overall strategic importance in a slightly related vein, obviously, the consequences relating to it, with the other side, if they attempted to cheat and were detected, is also a factor.

Q Isn't that kind of a semantic argument, though? You are talking about things that get into the interpretation of the importance of the treaty violations and what-not.

MR. POWELL: I don't think so. What I tried to do was quote a rather famous expert on this matter, whose name I believe is Nitze on what verification means. I didn't quote him directly, but that is the thrust of his comments on that.

Q Does Turner have forthcoming testimony that the President has seen which has caused real havoc with the White House in terms of --

MR. POWELL: My understanding is there is not concern with his testimony before--which he will no doubt be called upon to deliver to various committees up there.

Q And not attempt at pressure for him to change it?

MR. POWELL: Not so far as I know.

Q What is your understanding of what would happen if the House defeats the implementing legislation on the Panama Canal Treaty?

MR. POWELL: That is an extremely important question. It is clear that there is a --

Q I am sorry. (Laughter)

MR. POWELL: There is, as in many areas of public policy, a substantial lack of accurate information on this issue. I realize with all the more attractive things there are to do, just purveying accurate information so the public has a basis with which to judge important policy matters, is sort of down at the lower end of the scale. But let's give it a run.

Q That is hitting below the belt.

Q Dirty, dirty.

Q Doesn't that reflect on public information officers, too?

MR. POWELL: It probably does, but reflecting on public information officers is a full-time sport. I just think we ought to reflect on other broader issues, if you will, every now and then. (Laughter)

Q On with it.

Q It wasn't our decision to bring up the Panama Canal Treaty issue; you did.

MR. POWELL: That is true. We appreciate all the advice that members of the fourth estate have given us, though, on how it should be brought up and when and how you go about dealing with it.

I think there is one very important thing to understand, and that is something that will not happen if the House kills this measure.

If the House defeats the implementing legislation, it will not invalidate the treaty which the Senate has already ratified. It will not mean that the Panama Canal will not be transferred to Panama. That will still take place.

There is apparently -- and I think some intentionally spread -- misapprehension, that if the Congress fails to pass the implementing legislation, for a treaty already ratified, that somehow that will make the treaty itself null and void. That is not true.

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Even without the legislation, when the treaties come into effect on October 1, 1979, that process of transfer will be continued. The efforts to deal with this issue by defeating the implementation legislation, basically are efforts which will do nothing, if they are successful, except harm the United States and particularly our employees in the Canal Zone.

There have been statements made that, for example, the cost of implementing the treaty will be \$4 billion. Those statements are not correct. In fact, the cost to the United States, between 1979 and the year 2000, when the treaty ends, will be no more than about \$800 million.

This money is to be used for maintaining United States military presence in the canal and for benefits to American workers in the canal and those that will be returning during this implementation period.

Q Why does the President of Panama say, "If we don't get this money now from the United States, we will have to go elsewhere for it"?

MR. POWELL: You will have to address that question to him. Obviously, I think it is not unrealistic to expect -- I think he is talking about not the implementation legislation, but there was a move at one point out of the same sort of "cut off your nose to spite your face" attitude --

Q Is that the way you are characterizing this?

MR. POWELL: That is a fairly accurate way to characterize it, I think -- that those who somehow -- I won't assess motives, but there was a move to cut off humanitarian aid that was going to provide food for hungry people and milk for little children to Panama earlier this year. I don't know if that was his reference or not -- now there is a statesman-like attitude.

If we had been in the Senate, we would have voted against the treaty -- just to prove we are big and tough, we are going to quit feeding people. That makes us look like a great and wonderful country all over the world when that sort of thing happens.

What this implementation legislation is necessary to do is to provide, among other things, for Americans and protect the rights and privileges that are guaranteed in the treaty during this period between 1979 and the year 2000.

They will suffer probably as much as anyone else if this legislation is not passed.

Q I didn't quite understand your answer on Turner. Can we go back for a minute?

MR. POWELL: Yes.

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Q Are you denying the Evans & Novak column that there was a big hullabaloo here because of the testimony and it in effect will undercut the President's position?

MR. POWELL: Yes. I am not aware of any view here that Admiral Turner is prepared to testify in a way that will undercut the President's position.

I think you have to give some consideration to the fact that when interpretation is placed upon events that may or may not have happened and so forth in a particular column, and if that column is written by a person or persons who have made it clear for quite some time that they are willing to bear any burden and pay any price -- shall we say -- to defeat these treaties long before the terms were even known, then you have to look askance at some of their interpretations in this matter.

Q Is the President or is the United States worried about a supposed Russian submarine that can go down to 2,000 feet and travel at 40 knots?

MR. POWELL: You will have to go to Defense on this question about the submarine. I think they are prepared to deal with it as best they can. You are getting in one of those areas of how much do we know and how do we find out about it, and so forth. It gets to be a fairly ticklish matter. They understand it better than I do, so they are prepared to deal with it as best they can.

Q Let me ask you this on the record because I have been unable to get an answer from other people at the White House or your campaign committee. Who paid for the dinner over at the Hay Adams on the night of May 2nd attended by a number of White House political people, Carter people outside of government, and Catholic members of the Administration to discuss Carter's Catholic problem?

MR. POWELL: Let me say at the outset I called your office.

Q I got your message.

MR. POWELL: I left the message.

Q It didn't tell me who paid for it.

MR. POWELL: The question I got was whether the White House paid for it. The answer to that is no. I don't know who all participated in paying for it, but there were no public funds involved.

Q What is the President's Catholic problem?

MR. POWELL: That wasn't my characterization.

Q Rosalynn talked it over with the Pope last week and it is all cleared up. (Laughter)

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Q What was said in the meeting?

MR. POWELL: I didn't go. It was a private dinner. I suspect they talked about a lot of things.

Q Do you have any comment on the Weizman resignation and do you figure it is going to injure the peace process and our role?

MR. POWELL: No, I don't have any comment on that.

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Q An article in the current issue of Nation Magazine reports --

Q Who wrote that article? (Laughter)

Q -- that there was little or no legitimate business reason for the President's business, Carter's warehouse, to borrow \$1 million to construct a sheller warehouse. There is little or no legitimate reason to borrow an extra \$5.8 million for peanuts to be shelled in the sheller. Where did the President expect to get the money to repay that loan?

MR. POWELL: Look, I have dealt with this. I will do it as often as you want. You and I know what basic allegation is there, that somehow, through some hook, crook or cranny, funds were diverted, loans were made and they were used to finance the campaign. That didn't happen. You have got a special investigator proceeding, I assume, to deal with that question. I am not going to get involved in trying to dissect every business decision that was made there.

I will be content to rely upon that investigation and their conclusions. I will say as I said before, that the persistent publication of allegations, without any facts to back them up, strikes me as being called into question, both motive and professionalism.

Q Have you read the article, Jody?

MR. POWELL: As best I could, yes.

Q Did you notice any lack of facts in the section of that article entitled "Bank Loan"?

MR. POWELL: What I noticed was that this was a theory about how, presumably, if this thing could have happened -- that is a wonderful journalistic exercise. It strikes me as reflecting credit upon the process that you can say, well, now, I can't prove that this fellow broke the law and so forth, but I have got a theory about how, if he wanted to, he could have done it. Now, isn't that wonderful? That is glorious; fair play and innocent until proven guilty. It makes my heart warm.

Q That is not what the bank loan section dealt with. The bank loan section laid out how the loan made no sense in terms of the economics of the peanut industry. There was no speculation in there at all. It was just hard facts.

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MR. POWELL: It was your conclusion that the loan made no sense. That is fine. I don't know enough about the peanut industry to know if it did or not.

Q Could you take the question?

MR. POWELL: If borrowing money or making business decisions that somebody else thinks do or do not make a certain degree of sense has become a Federal crime, we have got serious work to do in the Justice Department.

Q As a matter of fact, it has. But the question is where did they expect to get the money to repay the loan? And if you don't know the answer --

MR. POWELL: I don't know. They are repaying the thing. I assume they are getting it from the business. I don't know.

Q Could you take the question and get back with an answer, please?

MR. POWELL: No.

Q Has the President or anyone else in the Administration been in touch with Senator Bentsen or Judge Bellevue following his rather unfortunate statement?

MR. POWELL: I don't know.

Q Are there any plans to do so?

MR. POWELL: I just don't know at this point.

Q Speaking of judges, is Archibald Cox in line for a Federal judgeship, despite his age?

MR. POWELL: I am aware of stories to that effect. I really don't have any details on the matter. I understand from what the Attorney General said, the question is whether you want to change the age thing on the judicial thing.

Q On the auto meeting this afternoon, does the President's consideration of a joint program for research aimed at a more efficient auto imply any lessening of support for mass transit?

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MR. POWELL: No, it doesn't. In fact, to the contrary. But I don't think even the strongest devotees of mass transit would claim that anytime in the foreseeable future that our largest single consumer of oil products will not be the internal combustion automobile, and that efficiency improvements there are probably as important as anything we can do in dealing with waste.

Q What is the President's theme going to be at Cheney State on Sunday, and can you give us any of the substance?

MR. POWELL: I can't at this point. I have seen several drafts of it. He is still working on it.

Q If you have seen drafts, what is the subject?

MR. POWELL: I really don't like to brief off drafts. He might change his mind completely when he gets up to Camp David this weekend.

Q Are scientists going to be at that meeting today about oil?

MR. POWELL: I understand there will be representatives from the academic community. I assume they are scientists or engineers.

Q Oil people, too?

MR. POWELL: I don't know of any oil people, no, at this particular meeting.

Q Have you got a day for the news conference?

Q The decline in productivity, is that in line with what the President has in mind for the economy?

MR. POWELL: Let me check with CEA on that. Have they not commented on the thing yet?

If we have a comment on it, we will --

Q Is any review being given to the Amtrak cutbacks, the 43 percent cutback?

MR. POWELL: I am not aware -- when you say is there any review at all being given to it.

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Q Any serious?

MR. POWELL: It is my understanding that -- I have not heard of anything that would indicate to me that that position would be changed. As I understand it, you can check with DOT to confirm these figures, but the reductions which were proposed there are only in line with what the Congress asked this Administration to do. But you are talking about even after reductions the system will continue to serve, I think, 91 percent of the passengers; and the arguments that these cutbacks somehow will adversely affect our energy picture just don't cut water; that even a train, if there aren't very many people riding it, is not energy efficient and that in many of these cases you would have burned less gasoline to have the folks drive in a car with two people in it than riding that train.

So energy is important but you can't use it to justify every argument that comes along without exploring what the facts of the matter are.

THE PRESS: Thank you, Mr. Secretary.

MR. POWELL: I guess Congress has some say in this matter, too. I am sure they are reviewing it. They always do.

END (AT 12:50 P.M. EDT)

